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## EVALUATION OF THE IMPLEMENTATION OF GOVERNMENT INTERNAL CONTROL SYSTEMS ON COLLECTION OF RURAL AND URBAN LAND AND BUILDING TAXES IN SOUTHEAST MINAHASA DISTRICT

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#### Abstract:

The Rural and Urban Land and Building Tax is a tax on land and buildings that are owned, controlled, and utilized by individuals or entities, except for areas used for plantation, forestry and mining business activities. The government's internal control system, is a necessary process for actions and activities carried out continuously by the leadership and all employees to provide adequate confidence in the achievement of organizational goals through effective and efficient activities, reliability of financial reporting, safeguarding state assets, and compliance with laws and regulations. The purpose of this study is to find out how the internal control system is applied to the collection of Rural and Urban Land and Building Taxes in the Southeast Minahasa Regency. The research method used is descriptive qualitative. The study results show that the work or activities carried out follow the elements of the existing internal control system, except for the elements of control activities in the segregation of functions sub-elements which have not been carried out correctly. This study concludes that for the elements of the control environment, risk assessment, information and communication and monitoring, control has been carried out in accordance with Government Regulation Number 60 of 2008 and has been appropriately implemented, while the elements of control activities have not been in accordance with Government Regulation Number 60 of 2008 and have not been implemented optimally.

**Keywords:** Evaluation, Rural and Urban Land and Building Tax.

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## INTRODUCTION

For the development of an area requires significant funds. The government needs regular income to restore and prosper people's lives. One of the sources of income for a region is tax. Taxes are obligatory money to the state. The tax has a significant role because it is the largest source of funds obtained from a region. One of the taxes that is a source of regional income is the land and building tax in rural and urban areas. Land and building tax in rural and urban areas is one of the taxes that is managed directly by the regional government, which contributes to local revenue.

To get a budget realization that is reliable and accurate and can be trusted, the government must have a good system. A weak system causes weak internal control, and ultimately the resulting budget realization is also less reliable and less trustworthy. The internal control system is a process that contains policies and regulations to direct, supervise and protect a company or organization so that all forms of abuse and fraud are avoided. The internal control system for regional taxes is

essential because reasonable internal control can provide guarantees so that all tax revenues can be recorded correctly and all areas involved in tax revenue activities are also monitored so that mistakes do not occur in carrying out their duties, authorities and responsibilities. Reasonable internal control is a critical factor in implementing effective tax collection.

The Regional Revenue and Financial Management Agency (BPKPD) of Southeast Minahasa Regency is a supporting agency for the implementation of government affairs in the field of regional financial and revenue management, one of whose duties is to serve the collection of land and building taxes in rural and urban areas. In the Regional Revenue and Financial Management Agency (BPKPD) of Southeast Minahasa Regency, rural and urban land and building taxes are one of the sources of regional income with high realization so that rural and urban land and building taxes are expected to increase regional revenue of Southeast Minahasa Regency.

Even though in 2020 and 2021, the condition of the Covid-19 pandemic did not cause the realization of rural and urban land and building taxes (PBB-P2) to decrease. However, this large number of realizations provides opportunities for errors or deviations. This is because, in the realization table above, there are taxes from the previous year which have just been paid for that year. As a result, the collection of rural and urban land and building taxes is disrupted because taxes have just been paid from the previous year or experience delays. As a result, tax records become difficult to measure performance for regional original income. For this reason, an internal control system is needed for the collection of rural and urban land and building taxes (PBB-P2) that is implemented. Based on the description above, researchers will conduct research titled "Evaluation Of The Implementation Of Government Internal Control Systems On Collection Of Rural And Urban Land And Building Taxes In Southeast Minahasa District".

## METHODS

The type of research used in this research is qualitative with a descriptive approach, meaning that it is research by collecting, analyzing and then drawing conclusions on data related to the problems faced and comparing technical knowledge with the actual situation of the research object to make decisions. The location of the research was carried out at the Regional Revenue and Financial Management Agency of Southeast Minahasa Regency, which is located in the Block A Office Complex, Wawali-Pasan Village, Ratahan District. The first data analysis tool used was interviewing. Data collection using the interview method was carried out by way of question and answer with informants through face-to-face meetings to obtain precise and accurate data information. The second is documentation, and documentation is a data collection technique that is done by collecting documents that are in the object of research, and the last is observation. Observation is a research activity in the context of collecting data according to this research problem, through the process of observing in the field.

## RESULT AND DISCUSSION

**Control Environment.** In the sub-element of upholding the integrity and ethical values, it has been carried out in accordance with the rules of employee behavior by establishing standard operating procedures which contain the main tasks and steps that must be taken in carrying out tax management and the existence of disciplinary action given if a violation is committed, the second is for increasing competence is also appropriate, namely by conducting appraiser education regarding rural and urban land and building taxes, conducting technical guidance on regional tax management, as well as coaching clinics on regional tax management. The third for facilitative leadership has been carried out well because of the fast response and reasonable response. From the Head of the Agency for each incoming report relating to taxation, the fourth, namely the

establishment of an organizational structure that is in accordance with the needs, has also been carried out properly because the organizational structure in the Tax Management Sector was formed in accordance with Regulation of the Southeast Minahasa Regent, however, still found deficiencies in human resources which resulted in double job descriptions. For the fifth sub-element, namely the appropriate delegation of authority and responsibility, it is appropriate because the distribution of authority and responsibility in the Tax Management Sector has been carried out in accordance with the main tasks and functions stipulated in the Regent's Regulation, the sixth, namely the preparation and implementation of a sound policy on resource development. Daya is also appropriate because it has carried out guidance and training for employees in the field of taxation and the provision of strict sanctions to employees who commit violations. The seventh is the embodiment of the role of an effective government internal control apparatus which is carried out by the Inspectorate on a regular basis, namely 1 time per year.

A year and finally, the eighth is the existence of good cooperative relations with relevant government agencies such as the KPP Pratama Kotamobagu City Office and the Land Office of the Southeast Minahasa Regency regarding land and building taxes in rural and urban areas. Based on the implementation of the government's internal control system for rural and urban land and building taxes in the Regional Revenue and Financial Management Agency in Southeast Minahasa Regency, the control environment element is said to be in accordance with Government Regulation Number 60 of 2008 concerning the Government Internal Control System, because the agency has created and maintaining a controlled environment that creates positive behavior and is conducive to the implementation of the Internal Control System in the work environment. Based on the description above, everything proves that the elements of the control environment have been appropriately implemented or are in accordance with Government Regulation Number 60 of 2008 because all sub-elements of each element of internal control have been fulfilled. The research conducted is in line with that conducted by Dewi (2021) and Fadillah (2020). The study's results, namely, the control environment elements, are running well. They are appropriate because all sub-elements of each element of internal control have been fulfilled in accordance with Government Regulation number 60 of the year 2008.

**Risk Assessment.** In the first sub-element, namely setting agency goals as a whole, it has been well carried out by setting existing goals, namely increasing rural and urban land and building tax revenues. The second sub-element, namely setting goals at the activity level, has also been carried out well by setting the aim is to target rural and urban land and to build tax revenue targets in order to achieve and implement data collection, registration and determination of all rural and urban land and building tax objects in Southeast Minahasa Regency. Furthermore, by carrying out the identification of risks that may arise in the collection of rural and urban land and building taxes by identifying which risks include internal and external risks and risk analysis and how to deal with these risks, it shows that the two sub-elements have also been implemented. Carried out correctly or in accordance with Government Regulation Number 60 of 2008.

However, it still needs to be studied further regarding how to deal with unresolved risks regarding delays in tax payments by taxpayers. Implementation of the government's internal control system for rural land and building taxes and in the Regional Revenue and Financial Management Agency in Southeast Minahasa Regency for the element of risk assessment is said to be appropriate according to Government Regulation Number 60 of 2008 concerning the Government Internal Control System because the agency has determined to implement the objectives of government agencies both as a whole and at the activity level and have also identified and analyzed the risks that arise in the collection of rural and urban land and building taxes. Based on the description above, everything proves that the elements of risk assessment have been carried out properly or are



in accordance with Government Regulation Number 60 of 2008 because all the sub-elements of each element of internal control have been fulfilled. The research carried out is in line with that carried out by Erwina (2021) and Lok (2021). With the results of the research, namely, the elements of risk assessment work properly and are appropriate because all sub-elements of each element of internal control have been fulfilled in accordance with Government Regulation number 60 of the year 2008.

**Control Activities.** At the office of the Regional Revenue and Finance Management Agency of Southeast Minahasa Regency, it has carried out control activities by conducting human resource development and conducting tiered verification for each document for updating rural and urban land and building tax data starting from employees, heads of sub-sectors, heads of fields and heads of agencies, as well as the separation of functions that has been determined is not very good because the duties, authorities and responsibilities of employees involved in collecting regional taxes still occur due to the lack of Human Resources in the Tax Management Sector, as well as honorary employees who work in the Tax Management Sector does not match their educational background. Authorization for transactions that occur is good.

This is evidenced by the form of authorization for the issuance of important tax documents that must be authorized in advance by the head of the tax management sector. The implementation of the government's internal control system for rural and urban land and building taxes at the Regional Finance and Revenue Management Agency in Southeast Minahasa Regency for the elements of control activities is said to be inappropriate according to Government Regulation Number 60 of 2008 concerning the Government Internal Control System, because the sub-element of segregation of functions has not been appropriately implemented because there are still multiple tasks in the Tax Management Sector, for this reason, the agency has not carried out control activities in accordance with the size, complexity, and nature of the duties and functions of Government Agencies that should be. Based on the description above, everything proves that the elements of control activities have not been carried out properly or have not been in accordance with Government Regulation Number 60 of 2008 because not all sub-elements of the elements of control activities are fulfilled. The research conducted is in line with that carried out by Erwina (2021) with the results of the research, namely, the elements of control activities, have not gone well because there are weaknesses in the separation of functions and are not appropriate because not all sub-elements of each element of control activities are fulfilled in accordance with Government Regulations number 60 of 2008.

**Information and Communication.** Information and communication have been carried out in accordance with Government Regulation Number 60 of 2008 because it can be seen from the use of various forms and means of communication as well as the office constantly updating information systems continuously, for example, data collection and electronic-based payments to make it easier for taxpayers to pay taxes and manage taxes in the collection of rural and urban land and building taxes. The implementation of the government's internal control system for rural and urban land and building taxes at the Regional Finance and Revenue Management Agency in Southeast Minahasa Regency for information and communication elements is said to be appropriate according to Government Regulation Number 60 of 2008 concerning Government Internal Control Systems, because agencies have provided and utilize various forms and means of communication and manage, develop, and continuously update information systems for use by tax collection officers and taxpayers. Based on the description above, everything proves that the elements of information and communication have been appropriately implemented or are in accordance with Government Regulation Number 60 of 2008 because all the sub-elements of each element of internal control have been fulfilled. The research carried out is in line with that carried out by Syafani (2021) and Erwina

(2021) with the results of the research, namely, the elements of information and communication work well and are appropriate because all the sub-elements of each element of internal control have been fulfilled in accordance with Government Regulation number 60 the year 2008.

**Monitoring.** In the monitoring element, internal control has been carried out in accordance with Government Regulation Number 60 of 2008 because it can be seen from continuous monitoring that has been carried out routinely, such as evaluating the collection of land and building tax in rural and urban areas in each sub-district, village and sub-district, and for evaluating internal control. Carried out by the Inspectorate as the Government's Internal Supervisory Apparatus (APIP) and the Supreme Audit Agency (BPK) as an external party. Based on the implementation of the government's internal control system for rural and urban land and building taxes at the Regional Finance and Revenue Management Agency in Southeast Minahasa Regency for the control monitoring element, it is said that it is in accordance with Government Regulation Number 60 of 2008 concerning the Government Internal Control System, because agencies have already carried out monitoring as stipulated in government regulations through continuous monitoring, separate evaluation, and follow-up on recommendations on the results of audits and other reviews starting from monitoring from the head of the field, then monitored by the head of the agency and monitoring by the Government Internal Supervisory Apparatus carried out by the Inspectorate. Based on the description above, everything proves that the elements of monitoring control have been carried out properly or are in accordance with Government Regulation Number 60 of 2008 because all the sub-elements of each element of internal control have been fulfilled. The research conducted is in line with that carried out by Fadillah (2021) and Erwina (2021). With the study results, namely, the elements of monitoring control are running correctly. They are appropriate because all the sub-elements of each element of internal control have been fulfilled in accordance with Government Regulation number 60 of the year 2008.

## CONCLUSION

Based on the results of research and discussion regarding the government's internal control system for the collection of rural and urban land and building taxes in Southeast Minahasa Regency based on the 5 elements of control in Government Regulation Number 60 of 2008, it is concluded that:

1. The environment is appropriate and well implemented, the rules of behavior are correctly implemented, the formation of an organizational structure with appropriate duties and authorities and training is always carried out for employees. So this element is in accordance with Government Regulation Number 60 of 2008.
2. Risk assessment is appropriate and well implemented. Identification and analysis, both internal and external, have been carried out, along with steps taken to deal with these risks. So this element is in accordance with Government Regulation Number 60 of 2008.
3. Control activities have not been carried out properly because the separation of functions has yet to be done optimally. So this element is not in accordance with Government Regulation Number 60 of 2008.
4. Information and communication are appropriate and well-implemented. The use of new and technology-based information systems in data collection and collection has also been carried out as an effort to make it easier for taxpayers. So this element is in accordance with Government Regulation Number 60 of 2008.
5. Monitoring of internal controls is appropriate and well implemented. There is monitoring and evaluation of tax management which is carried out routinely by the Government Internal Supervisory Apparatus (APIP) as well as from external parties such as the Supreme Audit

Agency (BPK). So this element is in accordance with Government Regulation Number 60 of 2008 and is implemented correctly.

So the conclusion from this study is that the elements of the control environment, risk assessment, information and communication and monitoring of control have been carried out in accordance with Government Regulation Number 60 of 2008 and have been appropriately implemented, while the elements of control activities have not been in accordance with Government Regulation Number 60 of 2008 and have not been appropriately implemented maximum.

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